

Message Text

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PAGE 01 STATE 147842
ORIGIN EA-12

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EA/RA:MEILAND
PM/SAS:HMCELROY
DOD/DSAA:CJAMESON
PM:RERICKSON

-----018923 102348Z /61

R 100204Z JUN 78
FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA

C O N F I D E N T I A L STATE 147842

E.O. 11652: GDS

TAGS: MASS, ID

SUBJECT:POTENTIAL FOREIGN SALES UNDER APPROVED CO-
PRODUCTION PROJECTS

REF: A. JAKARTA 7301 B. STATE 136132

1. CONCERNING PARA 4 REF A, EMBASSY IS CORRECT THAT
PRECISE WORDING OF ITAR REMAINS AS QUOTED. DEPT DID
NOT INTEND TO IMPLY ANY ITAR CHANGE BY ITS SHORT-HAND
USE OF WORD "PROHIBITED" IN REFTEL B. FROM TECHNICAL
STANDPOINT, SUCH SALES ARE NOT PROHIBITED.

2. HOWEVER, PRESIDENT'S ARMS TRANSFER POLICY PROHIBITS
CO-PRODUCTION AGREEMENTS FOR SIGNIFICANT WEAPONS SUCH AS
M-16 WITHOUT PRESIDENTIAL EXCEPTION AND NOTES THAT CO-
PRODUCTION WHERE AUTHORIZED IS INTENDED PRIMARILY FOR THE
CO-PRODUCERS REQUIREMENTS. POLICY FURTHER NOTES THAT U.S.
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MAY STIPULATE THAT WE WILL NOT ENTERTAIN ANY REQUESTS FOR
THIRD PARTY TRANSFERS. WHILE SUCH DETAILS HAVE NOT YET
BEEN ADDRESSED FOR INDONESIAN M-16 COPRODUCTION, APPROVAL
OF EVENTUAL LICENSING AGREEMENT WILL ALMOST CERTAINLY BE
SUBJECT TO CONDITION THAT ARRANGEMENT NOT RESULT IN
EXPORTABLE SURPLUS.

3. WE WISH GOI TO UNDERSTAND FULLY THAT, AS PRACTICAL MATTER IN ALL BUT MOST UNUSUAL AND EMERGENCY SITUATIONS, THERE IS VIRTUALLY NO RPT NO PROSPECT THAT USG WOULD APPROVE THIRD COUNTRY SALES OF M-16 RIFLES FROM CO-PRODUCTION. THIS POSITION APPLIES GLOBALLY TO ALL COMPARABLE CO-PRODUCTION PROJECTS AND IS NOT RPT NOT RELATED TO ANY ASPECTS OF INDONESIAN POLICIES. IF EMBASSY HAS REASON TO BELIEVE THAT GOI AT ANY IMPOR- TANT LEVEL HARBORS INNER CONVICTION THAT USG APPROVAL WOULD BE ROUTINELY FORTHCOMING UNDER NORMAL CONDITIONS OR THAT USG "OWES" INDONESIA SUCH APPROVAL, EMBASSY SHOULD ENSURE THAT ACTUAL US POLICY IS UNDERSTOOD. IN PARTICULAR, GOI SHOULD NOT RPT NOT ANTICIPATE THIRD COUNTRY SALES AS A FAVORABLE CASH-FLOW FEATURE.

4. FYI. A SUDDEN AND SERIOUS EMERGENCY SITUATION IN A NEIGHBORING FRIENDLY COUNTRY WHICH SOUGHT EMERGENCY INDONESIAN ASSISTANCE WOULD BE CONSIDERED ON ITS MERITS BUT FAVORABLE USG RESPONSE COULD NOT BE ASSUMED. END FYI. VANCE

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Message Attributes

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